

Prior to publication, certain information contained within this announcement was deemed by the Company to constitute inside information for the purposes of Regulation 11 of the Market Abuse (Amendment) (EU Exit) Regulations 2019/310. With the publication of this announcement, this information is now considered to be in the public domain.

26 June 2023

Bens Creek Group plc
("Bens Creek", the "Group" or the "Company")

Highwall miner update, issue of loan notes to raise \$6.5 million, related party transaction and production update.

Bens Creek Group plc (AIM:BEN), the owner of a metallurgical coal mine in North America supplying the steel industry, announces that, further to the Company's release of 5 May 2023 in respect of the arrival, installation and commencement of operations of the highwall miner, unit 81 ("**HWM 81**"), HWM 81 has been temporarily withdrawn from service pending completion of repairs and re-establishment of the necessary benching following a mining incident earlier in the month. The incident occurred during regular mining operations when the cutterhead of HWM 81 and a number of beams met a void, resulting in the cutterhead and beams becoming trapped. While the Company is disappointed that the incident occurred, the Company is pleased that no injuries were sustained by any of the personnel on site.

Regulations require that the U.S. Department of Labor's, Mine Safety and Health Administration ("**MSHA**") examine and approve any recovery or retrieval plan before it is implemented. The Company is pleased to confirm that it has received the required approvals from MSHA and, along with Mega Highwall Mining LLC ("**Mega HWM**"), the Company's highwall mining contractor, the Company has completed the recovery process and HWM 81 is expected to be back in full production by the middle of August 2023. It should be noted that, other than a reduction in production on a temporary basis, no other costs relating to this incident will fall to Bens Creek. Despite the temporary reduction in production capability, the Company is confident that it will fulfil all its current orders.

The Company also announces that the Group has raised \$6,500,000 (equivalent to c. £5,110,000 based on current exchanges rates) through Bens Creek Operations LLC ("**Bens Creek Operations**"), a 100% owned subsidiary of the Company, issuing unsecured loan notes (the "**Loan Notes**" or the "**Notes**") to Avani Resources Pte Ltd (the "**Lender**" or "**Avani**"), the Company's largest shareholder.

The price of metallurgical coal has been volatile over recent months, with a steady decline to the low \$190s per tonne. As a result, the Group has, through Bens Creek Operations and as a precautionary measure, issued \$6.5 million of Loan Notes to Avani. The proceeds of the issue of the Loan Notes will be used: (i) to finance an increase of the Group's earthmoving fleet, which will ensure that benching requirements needed to sustain Bens Creek's two highwall miners in continuous production are met; and (ii) for the Group's general working capital requirements.

Terms of the Loan Notes

On 23 June 2023 Bens Creek Operations entered into an unsecured loan note agreement (the "**Loan**") with the Lender for a total subscription of \$6,500,000 in Loan Notes. The Loan Notes have a term of two years and interest will roll up and be repaid as a bullet on the second anniversary of the Loan Note (the "**Repayment Date**").

Bens Creek Operations will repay to the Lender \$2 per tonne of clean coal sold within 7 business days of production (the "**Coal Payments**"). The principal outstanding under the Loan Notes, less Coal Payments or other repayments, will be repayable on the Repayment Date.

Simple interest shall be added to the principal amount of the outstanding Notes on each relevant Repayment Date. The interest shall be calculated at a rate of 15.1% per annum from and including the date of issue of each Note up to and including the date of the redemption or repurchase of the relevant

Notes. The interest shall be payable in the same manner as in the case of the original principal amount of the Note and shall otherwise be treated as principal of the Note for all purposes.

In the event Bens Creek Operations redeems or fully repays any Note prior to the Repayment Date it shall, together with the payment of the principal amount outstanding, pay for the account of the Lender a prepayment calculated at a rate of 15% per annum from and including the date of issue of each Note up to and including the date of the redemption or repurchase of the relevant Notes.

The amount described in the paragraph above shall become payable by Bens Creek Operations upon a prepayment or early redemption of the Notes prior to the relevant Repayment Date.

Bens Creek Operations will pay the Lender's legal fees in relation to the facility up to an agreed cap and it is anticipated the funds will be drawn down by the Company immediately.

The Loan Notes are not convertible into new ordinary shares in the Company.

Related party transaction

The issue of the Loan Notes by Bens Creek Operations to Avani is deemed to be a related party transaction pursuant to rule 13 of the AIM Rules for Companies by virtue of Avani being a 29.86% shareholder of the Company. The directors of the Company (who are all independent of Avani) consider, having consulted with the Company's nominated adviser, Allenby Capital Limited, that the terms of the transaction are fair and reasonable insofar as the Company's shareholders are concerned.

Production update

The Group also announces that during the period 1st October 2022 to 31st March 2023 it produced 172,390 tonnes of clean metallurgical coal.

The Group expects to provide a further production update at the time of publication of its annual report for the period ending 31st March 2023. Following this the Group intends to provide quarterly production updates.

Adam Wilson, Chief Executive Officer of Bens Creek, commented:

"While we were disappointed about the incident, we are pleased that no injuries occurred. We are delighted that MSHA moved quickly to assist us in approving the recovery plan and we are hopeful that we will be back to full operation within a few weeks.

"Our new shareholder, Avani, has quickly evidenced their commitment to the business by putting in place this term loan to ensure that our working capital is maintained during this extended period of pressure on coal prices."

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